

# State of Rhode Island - Division of Taxation

## Sales and Use Tax

### Regulation SU 88-07-33

#### Delivery Charges

##### (A) Delivery by Carrier

Generally, the tax does not apply to separately stated charges for transportation of property from the retailer's place of business or other point from which shipment is made directly to a place specified by the purchaser, provided the transportation is by other than facilities of the retailer, i.e., independent contract or common carrier, United States mail. However, where, under the terms of the contract, title does not pass until actual delivery to the place specified by the buyer, the tax shall apply to any transportation charges for which the retailer bills the purchaser.

##### (B) Delivery by Facilities of the Retailer

Tax applies to charges for transportation of property to the purchaser by facilities of the retailer, unless the transportation occurs after title to the property has passed to the purchaser; the charges are separately stated, and are for transportation from the retailer's place of business or other point from which shipment is made directly to a place specified by the purchaser.

(a) ~~Waiting Time~~ Tax applies to charges for "waiting time" which occur during delivery of the property to the purchaser unless such charges are imposed after title to the property has passed to the purchaser.

##### (C) Property Sold for a Delivered Price

When property is sold for a delivered price, charges for transportation of the property to the purchaser are taxable unless the transportation occurs after title to the property has passed to the purchaser; the charges are separately stated, and are for transportation from the retailer's place of business or other point from which shipment is made directly to a place specified by the purchaser.

##### (D) Determination of Place of Passage of Title

When a retailer, by means of facilities operated or furnished by such retailer, delivers tangible personal property to a place specified by the purchaser, or the property is sold for a delivered price, title will not be considered as passing to the purchaser until the goods reach the place specified, in the absence of clear and convincing evidence that both retailer and buyer intended that title should pass at some other place. Oral declarations of the parties after the transaction is completed are of little value as evidence, because of

~~their self-serving nature. The intention of the parties to transfer title to the buyer prior to delivery to the buyer by means of facilities operated or furnished by the seller should be clearly expressed in writing constituting a part of the contract of sale, entered into by both parties prior to the transportation for which the charge in question takes place.~~

~~R. GARY CLARK  
TAX ADMINISTRATOR~~

~~DATE FILED: December 9, 1988~~

~~EFFECTIVE DATE: December 31, 1988~~

~~THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 87-33  
PROMULGATED MAY 1, 1987.~~

(1) “Delivery Charges” are included in the “sales price” of property and therefore subject to sales tax if the property sold is taxable. If the property sold is exempt, delivery charges are not subject to sales tax.

“Delivery Charges” means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

“Delivery charges” shall not include the charges for delivery of “direct mail” if the charges are separately stated on an invoice or similar billing document given to the purchaser of “direct mail.”

Cross Reference: Regulation SU 07-87 – Direct Mail, Printing and Related Industries

(2) Taxable and Exempt Property Included In Shipment: If a shipment includes both exempt property and taxable property, the seller should allocate the delivery charges by using:

- a. a percentage based on the total sales prices of the taxable property compared to the total sales prices of all property in the shipment; or
- b. a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment.

The seller must tax the percentage of the delivery charge allocated to the taxable property but does not have to tax the percentage allocated to the exempt property.

~~R. GARY CLARK~~ DAVID M. SULLIVAN  
TAX ADMINISTRATOR

DATE FILED: ~~December 9, 1988~~

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~~PROMULGATED MAY 1, 1987~~ DECEMBER 31, 1988

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**REGULATION SU 07-33**  
**Delivery Charges**

**EXPLANATION OF REGULATORY CHANGES**

Legislation conforming Rhode Island Sales & Use tax Law to the provisions of the Streamlined Sales & Use tax Agreement (SSUTA) was signed June 30, 2006 and becomes effective January 1, 2007. This conforming legislation adopts the agreements definition of “delivery charges.”

Under RIGL 44-18-12(a)(iv), delivery charges are included in “sales price” and subject to tax if the property sold is subject to tax. If the property sold is exempt, delivery charges are not subject to tax. Delivery charges for “direct mail” are not included in “sales price” and are not subject to tax if separately stated on the invoice to the purchaser.